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## Afghanistan Situation Report

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16 September 1986

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**TOP SECRET****AFGHANISTAN SITUATION REPORT**

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**CONTENTS****PAGHMAN OFFENSIVE WINDS DOWN**

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Soviet and Afghan forces shifted the focus of combat operations near Kabul from Paghman, west of the city, to northern outlying areas last week,

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**CONSTRAINTS ON KUWAITI SUPPORT FOR AFGHAN RESISTANCE**

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Falling oil revenues have prompted a cutback in Kuwaiti aid to the resistance, although Kuwait has not altered its basic policy of support for the insurgents.

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**ALLIANCE DELEGATION AT THE UN GENERAL ASSEMBLY**

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The resistance alliance has not yet discussed sending a delegation to the 41st session of the UN General Assembly. The Pakistani Government has indicated it will urge the insurgents to make a decision soon.

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**AFTERMATH OF KABUL EXPLOSION**

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The insurgents' rocket attack on an air defense missile support facility and ammunition dump in Kabul has increased pressures on new Afghan party chief Najibullah to show progress in the counterinsurgency.

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**IN BRIEF**

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**PERSPECTIVE**

**AFGHANISTAN: SMUGGLING ACROSS THE BORDER**



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The reexport trade in Afghanistan, which involves importing and then smuggling the imported goods out of Afghanistan, is an important source of revenue for the Afghan regime. The smuggling is encouraged by Pakistani trade restrictions.



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**PERSPECTIVE**

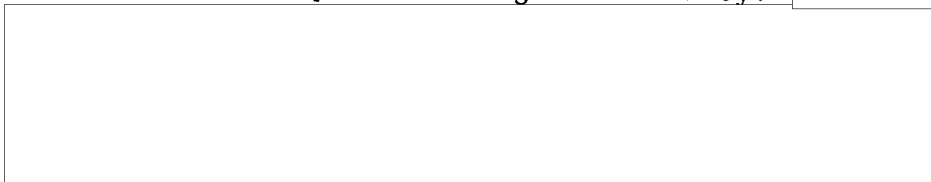
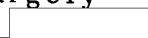
**THE WAR IN AUGUST**



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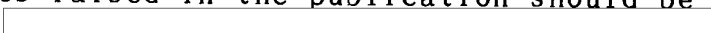
During August, Soviet and Afghan forces largely reacted to widespread insurgent activity.



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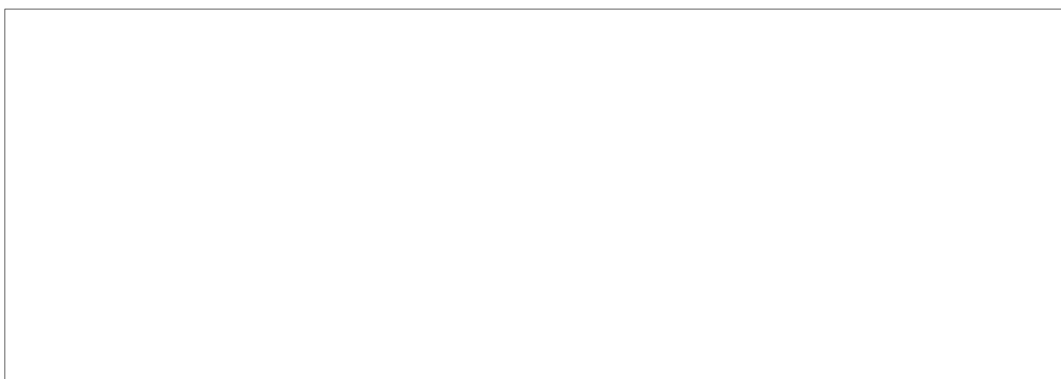
**PAGHMAN OFFENSIVE WINDS DOWN**

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The combined Soviet and Afghan offensive in Paghman has wound down, according to the US Embassy in Kabul. Soviet and Afghan forces have turned to combat sweeps in Estalef and Shakar Darreh, north of Kabul, and in the mountains west of Paghman. These sweeps are intended to push insurgent forces farther from the capital to curtail the rocket attacks that have increased this summer. Despite the intensity of the air and artillery strikes in the Paghman offensive, sources of the US Embassy state that the guerrillas' support network in the area remains generally intact.



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**CONSTRAINTS ON KUWAITI SUPPORT FOR AFGHAN RESISTANCE**

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Kuwait has reduced its aid to Afghan refugees in recent months because of constraints caused by falling oil revenues, according to a Pakistani diplomat. The US Consulate in Peshawar states private aid from Kuwaiti Islamic fundamentalists may also have been curtailed because of their displeasure over the visit of the resistance alliance to the US in June. Last month, Kuwait declined to participate in the McCollum patient airlift program, saying that it did not want to link its assistance to the Afghan resistance with a "great power," according to the US Embassy in Kuwait. Kuwait has been channelling "sizable" amounts of humanitarian aid to the resistance through voluntary organizations and the Government of Pakistan, according to the Pakistani diplomat.



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**COMMENT:** The Kuwaiti Government is unlikely to make any significant shifts in its Afghan policy. Several



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regional issues--particularly the Iran-Iraq conflict--have heightened Kuwait's interest in maintaining cordial relations with both the US and the Soviet Union. [REDACTED]

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**ALLIANCE DELEGATION AT THE UN GENERAL ASSEMBLY** [REDACTED]

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Afghan resistance leader Sayed Ahmad Gailani recently told the US Ambassador in Pakistan that the alliance had not yet discussed sending a delegation to the 41st session of the UN General Assembly next month. Tariq Fatmi, Pakistan's Deputy Chief of Mission in the United States, commented last week that he is hopeful the Pakistan Government will be able to prevent the alliance from waiting until the last moment before deciding on a delegation. Resistance indecision last year hampered the effectiveness of its UN appearance. According to the US Embassy in Islamabad, President Zia said this past weekend that Pakistan intends to push the alliance to send a delegation. [REDACTED]

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**COMMENT:** Rivalries among insurgent leaders and differences over key issues, such as peace negotiations and relations with the US, have repeatedly hindered cooperation. [REDACTED]

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[REDACTED] The United States and, to a lesser extent, Pakistan have emphasized the need for an alliance representation at the General Assembly session to show a unified resistance and to add to the pressure on the Soviet Union to end its armed intervention in Afghanistan. [REDACTED]

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**AFTERMATH OF KABUL EXPLOSION** [REDACTED]

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Soviet military advisers have criticized Afghan party chief Najibullah for failing to provide adequate security for the surface-to-air missile support facility and ammunition depot destroyed last month.

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[REDACTED]

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**COMMENT:** The insurgents' attack on the Kabul depot, coupled with the extensive damage to the Soviet ammunition area at Bagram in July, are particularly embarrassing to the regime. These incidents early in the term of Najibullah considerably increase the pressure on the regime to show gains against the resistance. The Soviets have too much invested in Najibullah, however, to try to remove him so soon after his appointment. [REDACTED]

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**IN BRIEF**

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-- [REDACTED] the US Mission at the United Nations suggests that UNICEF is again considering including resistance-held areas in its child immunization program in Afghanistan. The change of heart is probably motivated, in part, by a desire for US funding for the project. [REDACTED]

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-- [REDACTED] the Soviets have moved the two SA-8 batteries at Qandahar and the two at Bagram to new locations [REDACTED]. The units are probably returning to their respective headquarters at Shindand and Kabul in preparation for withdrawal from Afghanistan. [REDACTED]

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**TOP SECRET****PERSPECTIVE**

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**AFGHANISTAN: SMUGGLING ACROSS THE BORDER**By  **NESA**

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The reexport trade in Afghanistan--which involves importation of luxury and manufactured goods that are then smuggled out, most often to Pakistan--is a time-honored custom for Afghans and an important source of income for the Kabul regime. This trade, although illegal in Pakistan, is encouraged by Pakistani trade restrictions that exclude some imports, subject others to quota and licensing restrictions, and apply high tariffs to additional categories, according to the US Embassy in Kabul. The Pakistanis, who cannot collect customs fees on the smuggled item, are unable to stop the illegal flow of goods, however.

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**The Reexport Trade**

Reexport trade has been given particular emphasis by the Communist regime in the interest of earning foreign exchange. Since 1982, it has been actively promoted by the Soviet KGB in Afghanistan, working through the Afghan Minister of Commerce, according to press reports. A state-owned company--Afghan Kart--has even been formed for the express purpose of carrying out this trade.

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**Incentives**

approximately 80 percent of the goods imported into Afghanistan by Kabul merchants are reexported--smuggled--abroad. The reexports go primarily to Pakistan, but some goods are also smuggled into Iran and India

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. Textiles, electrical equipment, tires, and plastics are the principal goods traded. They are officially imported from Japan, the US, South Korea and Western Europe and even assessed customs duties. They are then sold to buyers who will retail them in Pakistan.

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According to the US Embassy in Kabul, Afghan merchants--mostly Pushtuns--sell the goods to Pakistani traders on credit, with payment due after the goods have been resold in Pakistan. Payment is normally in dollars, deutsche marks, or other convertible

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international currency. The buyer receives a valid Afghan custom clearance vouching that the goods were legally imported into Afghanistan and that all duties have been paid. [ ]

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Kabul is the main transshipment center for this trade. A common smuggling route for the goods is from the capital to Bara in the North-West Frontier Province, according to reporting from the US Embassy in Kabul. The merchandise is carried by truck to a few kilometers west of the first Afghan customs checkpoint at the border. There--usually in the early evening--the truck leaves the paved road and approaches the border south of the official crossing point. Goods are transferred to mules or camels for the trip to Bara, reportedly the main transshipment point in Pakistan, according to the US Embassy in Kabul. [ ]

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The trade is extremely profitable for both the Kabul merchants who import the goods and the traders who smuggle them across the border and retail them in Pakistan and elsewhere. The price charged by Kabul merchants covers the cost to them of the goods plus customs duties averaging 35 percent on imports and a 15 percent profit margin. Transportation costs and "taxes" to insurgent forces along the road to the border are paid by Pakistani traders, who nevertheless still make profits in excess of 100 percent on resale of the goods in Pakistan. [ ]

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The reexport trade also enriches the Afghan regime's coffers. Because the Kabul merchants receive customs duties in hard currency, the Government obtains badly needed foreign exchange. Furthermore, the trade results in greater net export earnings. [ ]

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### Outlook

With the deterioration of Afghanistan's official trade situation in recent months, the importance to the regime of hard currency earnings from the reexport business has increased, in our view. It is unlikely that Pakistan will crack down on this trade in the foreseeable future because of its inability to monitor the border area and its interest in keeping the border open for the transit of weapons and supplies for Afghan insurgents. [ ]

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**PERSPECTIVE**

**THE WAR IN AUGUST**

By **NESA**

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Combat activity in Afghanistan during August was widespread. Insurgent successes included overrunning an Afghan garrison at Farkhar in Takhar Province in the north and destruction of a major Afghan air defense missile and ammunition storage site in Kabul.

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**Insurgent Activity on The Upswing**

Soviet and Afghan forces responded to insurgent activity in numerous sections of Afghanistan during the month.

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Following a major Soviet and Afghan effort near Sheykhabad in late July to reduce insurgent activity, operations south of Kabul continued in August. Over a three-day period in late August, approximately 150 Afghan trucks and armored vehicles moved south on the highway to Lowgar Province, according to the US Embassy in Kabul. This Afghan force apparently was tasked with clearing the road from Gardeyz to Khowst. But traffic on this route routinely has been interdicted by guerrillas since the early days of the war, and a short-lived operation was unlikely to be successful.

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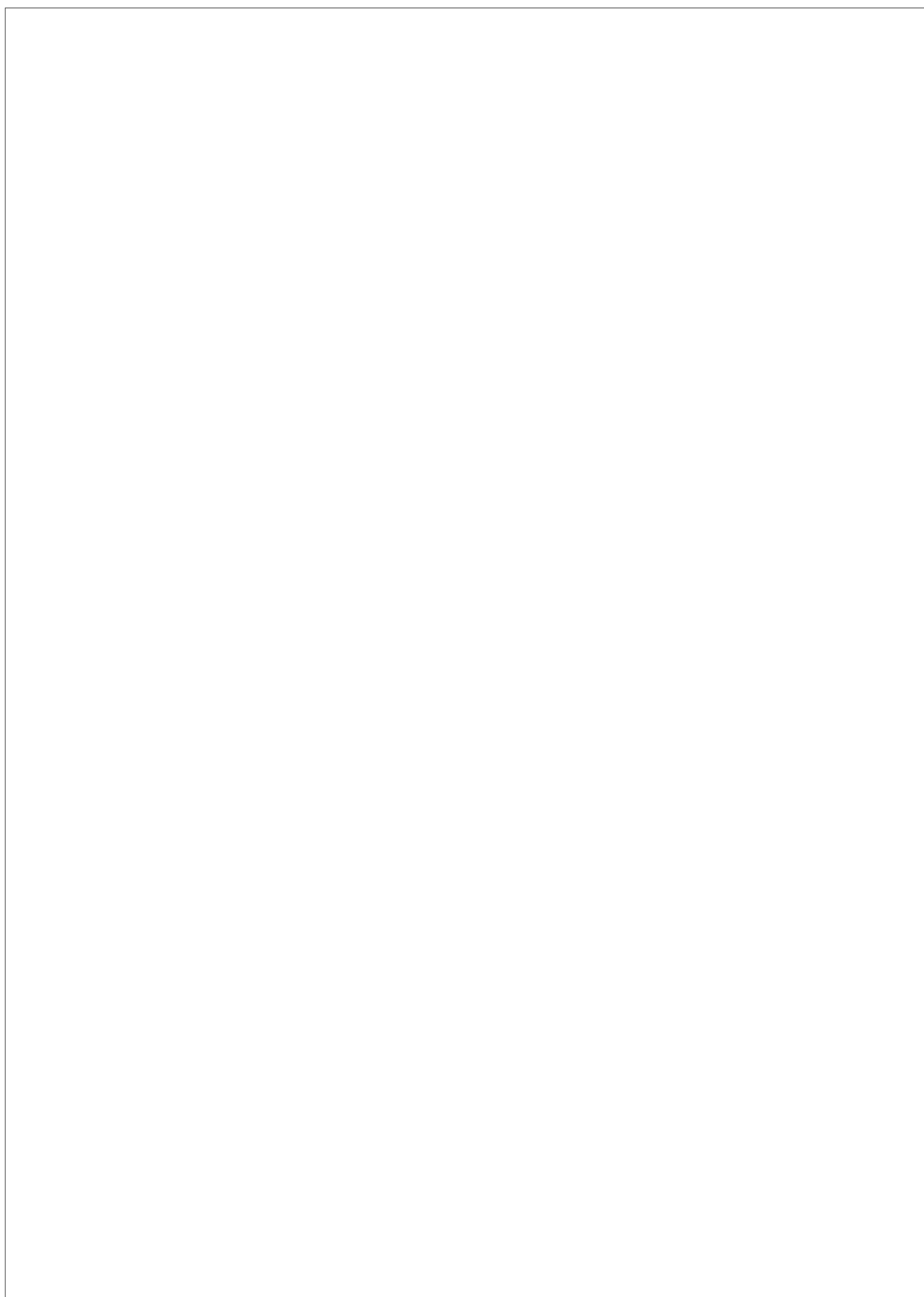
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**Soviets Reinforcing or Withdrawing?**

During August, two additional Soviet motorized rifle regiments deployed to Soviet garrisons at Konduz and Shindand in Afghanistan, [ ]

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[ ] The regiments--probably numbering some 4,000 personnel--are equipped with one BTR-60/70 and two truck-equipped motorized rifle battalions. [ ]

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[ ] the equipment of the new regiment at Konduz transited the Khairabad transshipment facility from the USSR, and we believe the new unit at Shindand moved from the Soviet Union through Towraghondi. [ ]

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It is not clear why these units were brought into Afghanistan in the wake of Gorbachev's announcement in late July that six Soviet regiments would leave Afghanistan by yearend. A probable reason is that they were brought in for the purpose of being withdrawn. Other less likely reasons include to provide route security for the withdrawal or to prepare for offensive operations prior to the drawdown in Soviet troops. [ ]

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**Outlook**

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Soviet and Afghan regime forces largely reacted to insurgent activity during August. During the early fall, counterinsurgent operations probably will remain focused in the cities, where the guerrillas have been active and in the northern and eastern border provinces. The Afghan resistance probably will seek to keep activity levels up, while replenishing supplies

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of materiel drawn down during numerous battles this  
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